

MOTION TO CONFIRM RECEIVER HAS NO RIGHT, OBLIGATION, OR INTEREST TO OPERATE THE PALO PINTO PIPELINE, OR, IN THE ALTERNATIVE, TO ABANDON ANY INTEREST IN THE PALO PINTO PIPELINE

TO THE HONORABLE UNITED STATES MAGISTRATE JUDGE HAL R. RAY, JR.:

Deborah D. Williamson, in her capacity as the Court-appointed Receiver (the “Receiver”) for Dodson Prairie Oil & Gas, LLC (“Dodson Prairie”)¹ and the various receivership estates (collectively, the “Receivership Estates”) in the above-captioned case (the “Case” or the “Receivership”), hereby files this *Motion to Confirm Receiver Has No Right, Obligation, or Interest to Operate the Palo Pinto Pipeline, or, in the Alternative, to Abandon Any Interest in the Palo Pinto Pipeline* (the “Motion”). The Receiver requests entry of an order, substantially in the form of the proposed order (the “Proposed Order”) attached hereto as **Exhibit L**, determining that none of the Receivership Estates have any right or obligation to operate the Palo Pinto Pipeline (as defined below) and, in any event, allowing the Receiver to abandon any interest or obligation related to the Palo Pinto Pipeline. In support of this Motion, the Receiver respectfully represents as follows:

I. BACKGROUND

1. On December 1, 2021, Plaintiff, the Securities and Exchange Commission (the “Commission”), filed its *Emergency Motion for a Temporary Restraining Order and Emergency Ancillary Relief* which included an application for the appointment of a receiver for the Receivership Parties [ECF No. 3].

2. On December 2, 2021, this Court determined that entry of an order appointing a receiver over the Receivership Parties was both necessary and appropriate to marshal, conserve,

¹ Capitalized terms used herein but not otherwise defined shall have the meaning ascribed in the Receivership Order.

hold, and operate all of the Receivership Parties' assets pending further order of this Court. Accordingly, the Court entered the *Order Appointing Receiver* (the "Receivership Order") on December 2, 2021 [ECF No. 17], appointing Deborah D. Williamson as the Receiver over the Receivership Estates in this Case. Receivership Order, ¶ 8.

3. Five of the Receivership Parties² were operators of hundreds of oil and gas wells in Texas. The Receiver and her team continue to address claims and, to the extent reasonably practicable, remedy issues the Railroad Commission of Texas ("RRC") identifies. The Receiver is also continuously receiving notices of errors, omissions, and other operational issues identified by the RRC and other parties-in-interest, many of which have existed for years.

4. At the time of the Receiver's appointment, the RRC had issued an Executive Closing regarding notices of alleged violations dated September 21, 2021, to Dodson Prairie³ in connection with a certain gas gathering system generally identified as C.B. "A" Long, 1, 4", System Id. No. 967677 (the "Palo Pinto Pipeline"), which is comprised of approximately 112 miles of gathering and transportation pipelines inclusive of all laterals. On information and belief, the RRC also requested a plan of correction from Palo Pinto Bond Company LLC ("PPBC") for the same Palo Pinto Pipeline. Maps of the Palo Pinto Pipeline are attached hereto as **Exhibit A**. The Palo Pinto Pipeline ties into a Colt Midstream pipeline in multiple locations. The Palo Pinto Pipeline is also located on leases which are not operated by any Receivership Party. On information and belief, the Palo Pinto Pipeline is located on multiple leases, including some which

² Dodson Prairie, Leading Edge Energy LLC, Arcooil Corp., Barron Petroleum LLC, and Panther City Energy LLC ("Panther City").

³ Dodson Prairie was a Heartland entity. The Sahota parties had no interest in Dodson Prairie.

are not operated by any Receivership Party. Other significant segments are located on lands not controlled in any way by the Receiver.

5. 16 Tex. Admin. Code § 3.70⁴ mandates that pipeline operators have a valid permit (generally known as a T-4) to legally operate a pipeline which crosses lease lines. Dodson Prairie did not and does not possess a T-4 permit for the Palo Pinto Pipeline. It appears that Dodson Prairie never requested nor obtained a T-4 permit from the RRC.

6. Timeline of Relevant Events:

June 1, 2020 – Saguaro Petroleum allegedly transfers “all Palo assets to Amen Oil” according to an email dated August 16, 2021, from Toben Scott to Karley Bisbano at the RRC. See **Exhibit B**.

July 1, 2020 – Stock Purchase Agreement between Amen Oil, LLC and PPBC. See **Exhibit C** for an email dated July 19, 2021, from Claude Penn to the RRC regarding the details of such agreement.

May 4, 2021 – Dodson Prairie formation documents issued by Texas Secretary of State. See **Exhibit D**.

August 16, 2021 – Karley Bisbano with the RRC provides “courtesy notice” to Zayman Villegas that T-4 permit 03712 expired on 5/31/2021, and “needs to be renewed ASAP.” “The *transfer has to be initiated by the divesting operator* and it doesn’t look like any transfers were submitted on T-4 permit 03712 (which is the only active permit under Palo Pinto). A full transfer requires a T-4B signed by both

⁴ 16 Tex. Admin. Code § 3.70(a) provides:

(a) Each operator of a pipeline or gathering system, other than an operator excluded under §8.1(b)(4) of this title (relating to General Applicability and Standards), subject to the jurisdiction of the Commission, shall obtain a pipeline permit, to be renewed annually, from the Commission as provided in this rule. Production or flow lines that are subject to §8.1(a)(1)(B) and (a)(1)(D) of this title must comply with this section. All other production or flow lines as defined in this subsection are exempt from complying with this section. A production or flow line is piping used for production operations that generally occur upstream of gathering or other pipeline facilities. For the purposes of this subsection, piping used in "production operations" means piping used for production and preparation for transportation or delivery of hydrocarbon gas and/or liquids, and includes the following processes:

- (1) extraction and recovery, lifting, stabilization, treatment, separation, production processing, storage, and measurement; and
- (2) associated production compression, gas lift, gas injection, or fuel gas supply.

16 Tex. Admin. Code § 3.70(a).

operators and a cover letter.” See **Exhibit E** (emphasis added). PPBC was listed under “Operator Name”.

September 21, 2021 – Executive Closing issued by the RRC to Dodson Prairie. The RRC reported a violation of “Title 16, 8.1(b)(4). All operators of pipelines and/or pipeline facilities regulated by this chapter, other than master metered systems and distribution systems shall comply with § 3.70 of this title (relating to Pipeline Permits Required.)” “The operator does not have a current T-4 permit associated with the gas gathering system it acquired from Palo Pinto Bond Company, LLC. T-4 Permit 03712 is still listed under Palo Pinto Bond Company, LLC and has not been transferred over.” See **Exhibit F** (emphasis added).

October 13, 2021 – Pipeline Safety Package issued by the RRC to Dodson Prairie, including the same alleged violations in the September 21, 2021 Executive Closing. See **Exhibit G**.

February 17, 2022 – Demand by the RRC to PPBC to submit a plan of correction for the Palo Pinto Pipeline. See **Exhibit H**.

March 3, 2022 – RRC gives notice to PPBC that a T-4B permit was not filed by PPBC.⁵ See **Exhibit I**.

7. The facts are essentially undisputed. No Receivership Party has a T-4 permit with the RRC. The Receiver has been unable to locate any recorded documents evidencing a transfer between Amen Oil, LLC or Amen Oil Company, LLC and Dodson Prairie. The RRC’s records still list PPBC as the operator of the Palo Pinto Pipeline. The RRC made demand on PPBC in 2022. On information and belief, prior to the Receivership, one or more people may verbally have represented to the RRC that Dodson Prairie intended to operate the Palo Pinto Pipeline. Dodson Prairie never posted a bond or other security in connection with the Palo Pinto Pipeline.

8. Dodson Prairie’s assets are limited:

- (a) Dodson Prairie is the operator of record of certain wells in Palo Pinto and other counties and became operator of record in June 2021 after having obtained RRC approval to transfer the relevant P-4s;

⁵ An executed Form T-4B can serve as notification of such a transfer. The Form T-4B requires the signatures of both the Acquiring and Divesting Operators. See **Exhibit E**.

- (b) Dodson Prairie did not have a bank account;
- (c) Dodson Prairie has no assets other than its interests as lessee in oil and gas properties, none of which are located in Palo Pinto County; and
- (d) The RRC has estimated that it would cost at least \$2.6 million to plug the wells operated by Dodson Prairie, unrelated to any costs associated with the Palo Pinto Pipeline.

9. As set out on Exhibits F and G, prior to the Receiver's appointment, the RRC identified a number of alleged violations regarding the Palo Pinto Pipeline, in addition to the lack of a T-4 transferring the right to operate the Palo Pinto Pipeline to Dodson Prairie. The Receiver does not question that the Palo Pinto Pipeline and, indeed all pipelines, may create a risk of some future harm, but none of the violations allege an imminent or identifiable existing harm to public health or safety. These alleged violations include a failure to:

- (a) comply with 49 C.F.R. § 192.614;⁶
- (b) establish a written Damage Prevention Program;⁷
- (c) develop and implement a written continuing public education and awareness program following the guidance provided in the American Petroleum Institute's (API) Recommend Practice (RP) 1162;⁸
- (d) establish a written Public Awareness Program;⁹

⁶ 49 C.F.R. § 192.614 requires a written program to prevent damage to a pipeline from excavation activities, including excavation, blasting, boring, tunneling, backfilling, removal of aboveground structures by either explosive or mechanical means, and other earth moving operations. *See* 49 C.F.R. § 192.614(a).

⁷ *See* 49 C.F.R. § 192.614(a).

⁸ API has issued guidance to U.S. pipeline operators to improve public awareness of pipelines. The purpose of the guidelines, known as Recommended Practice 1162 or Public Awareness Programs for Pipeline Operators, is to reduce pipeline accidents, which are often attributable to digging by homeowners, contractors, and farmers. *See generally* Pipeline Recommended Practices (RP), AM. PETROLEUM INST. (Aug. 17, 2022, 12:00 PM), <https://www.api.org/oil-and-natural-gas/wells-to-consumer/transporting-oil-natural-gas/pipeline/pipeline-recommended-practices>.

⁹ *See* 49 C.F.R. § 192.616(a).

- (e) have a written anti-drug plan that conforms to 49 C.F.R. § 199 and/or U.S. Department of Transportation (“DOT”) Procedures;¹⁰
- (f) have a written Alcohol Misuse Plan;¹¹
- (g) establish a maximum allowable operating pressure (MAOP) for the system;¹²
- (h) maintain records demonstrating the actual MAOP;¹³
- (i) conduct a study to determine whether the steel pipeline segments that operated at a hoop stress of more than 40 percent of SMYS¹⁴ would indicate a change in class locations;
- (j) perform a class location study to confirm the class location of the pipeline segment running by the ALR Center, which is a recreation center operated by the Sundance Club at the 7R Ranch in Gordon, Texas (the “ALR Center”);¹⁵

¹⁰ See 49 C.F.R. § 199.101(a) (providing that each operator must maintain and follow a written alcohol misuse plan that conforms to certain requirements and DOT Procedures concerning alcohol testing programs).

¹¹ See 49 C.F.R. § 199.202.

¹² 49 C.F.R. § 192.619(a) provides, in relevant part:

(a) No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure (MAOP) determined under paragraph (c), (d), or (e) of this section, or the lowest of the following:

(1) The design pressure of the weakest element in the segment, determined in accordance with subparts C and D of this part. However, for steel pipe in pipelines being converted under § 192.14 or updated under subpart K of this part, if any variable necessary to determine the design pressure under the design formula (§ 192.105) is unknown, one of the following pressures is to be used as design pressure:

(i) Eighty percent of the first test pressure that produces yield under section N5 of Appendix N of ASME B31.8 (incorporated by reference, *see* § 192.7), reduced by the appropriate factor in paragraph (a)(2)(ii) of this section; or

(ii) If the pipe is 12 3/4 inches (324 mm) or less in outside diameter and is not tested to yield under this paragraph, 200 p.s.i. (1379 kPa).

49 C.F.R. § 192.619(a).

¹³ The Palo Pinto Pipeline has maintained line pressure readings of no more than 50 psig during the pendency of this Case. The Receiver’s technical consultants have informed her that this line pressure seldom allows for serious harm to public safety or the environment.

¹⁴ For gas transmission pipelines, the specified minimum yield strength (SMYS) and the toughness are the mechanical properties of greatest interest. Higher strength steels make possible the design and construction of pipelines that operate at higher pressure than would otherwise be possible.

¹⁵ See 49 C.F.R. § 192.609(a).

- (k) develop written procedures for handling natural gas line complaints on the Palo Pinto Pipeline;¹⁶
- (l) comply with each of the patrol, survey, inspection, and/or test required by Subparts L¹⁷ and M¹⁸ of 49 C.F.R. § 192.709(c);
- (m) maintain records demonstrating compliance with Subparts L¹⁹ and M²⁰ of 49 C.F.R. § 192.709(c);
- (n) maintain records or maps required by 49 C.F.R. § 192.491(a);²¹
- (o) maintain records demonstrating compliance with Subpart I²² of 49 C.F.R. § 192.491(b); and
- (p) place and/or maintain line markers along the right-of-way of the Palo Pinto Pipeline running by the ALR Center.²³

¹⁶ See 16 Tex. Admin. Code § 8.205.

¹⁷ See 49 C.F.R. §§ 192.601–32.

¹⁸ See 49 C.F.R. §§ 192.701–56.

¹⁹ See 49 C.F.R. §§ 192.601–32.

²⁰ See 49 C.F.R. §§ 192.701–56.

²¹ 49 C.F.R. § 192.491 provides:

(a) Each operator shall maintain records or maps to show the location of cathodically protected piping, cathodic protection facilities, galvanic anodes, and neighboring structures bonded to the cathodic protection system. Records or maps showing a stated number of anodes, installed in a stated manner or spacing, need not show specific distances to each buried anode.

(b) Each record or map required by paragraph (a) of this section must be retained for as long as the pipeline remains in service.

(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years with the following exceptions:

(1) Operators must retain records related to §§ 192.465(a) and (e) and 192.475(b) for as long as the pipeline remains in service.

(2) Operators must retain records of the two most recent atmospheric corrosion inspections for each distribution service line that is being inspected under the interval in § 192.481(a)(2).

49 C.F.R. § 192.491.

²² See 49 C.F.R. § 192.491–93.

²³ See 49 C.F.R. § 192.707(c).

10. In an attempt to cooperate with the RRC, on September 2, 2022, Vicki Palmour of Vicki Palmour Consulting LLC (on behalf of the Receiver) met with a RRC Field Inspector. Another Executive Closing was issued by the RRC, a copy of which is attached hereto as **Exhibit J** (the “Executive Closing”), after that meeting on September 2, 2022. The violations alleged in the latest Executive Closing were unchanged from those identified prior to the entry of the Receivership Order.

11. Prior to the appointment of the Receiver, the RRC demanded submission of a “plan of correction” from both Dodson Prairie and PPBC. There is no assertion of an existing imminent threat to health, public safety, or the environment. *See* **Exhibits F and G**. Legally, the Receiver cannot operate the Palo Pinto Pipeline. Practically, the Receiver is unable to comply with the RRC’s numerous demands. The Receiver does not have the records to provide historical information. She has no employees. Developing a plan of correction would potentially cost tens of thousands of dollars and take weeks, if not months—funds which Dodson Prairie does not have. Actual performance under a plan of correction and compliance with the RRC’s demands and relevant statutory and regulatory requirements would cost hundreds of thousands of dollars and take even longer—with zero benefit to the creditors.

12. The Receiver and her counsel sent a prior draft of this Motion to the RRC on August 17, 2022, which was followed up with multiple conferences. On September 21, 2022, the RRC emailed **Exhibit K** (the “Demand”) **directly to the Receiver**, despite the fact that the RRC records establish that the operator of record is still PPBC. The Receiver has continued to attempt to identify a potential new operator for the Palo Pinto Pipeline.

13. On information and belief, the position of the RRC that Dodson Prairie is somehow the legal operator of the Palo Pinto Pipeline is based on select prior email and/or verbal

communications. The RRC continues to insist that Dodson Prairie is legally obligated to comply with applicable regulations and/or incur the costs to shut down the entire Palo Pinto Pipeline. The Receiver is unaware of any authority which supports the position (1) that an operator of record of a pipeline (here, PPBC) effectively transferred liability or obligations to a regulatory authority as a result of informal email correspondence or verbal communications, (2) where an entity with no ownership interest of record of a pipeline was deemed by the RRC as the operator, with an imposition of all related liability, or (3) that two independent entities can have liability as operator.

14. Beyond the demands of the RRC, the Receiver also has no ability to confirm whether the operations of the Palo Pinto Pipeline are in accordance with the applicable DOT rules and regulations, particularly those related to public safety.

15. There is also a risk that there is no insurance coverage to protect the Receivership Estates.

II. RELIEF REQUESTED

16. The Receiver seeks an order from this Court finding that she, as the Receiver for Dodson Prairie, does not have any right, obligation, or interest to operate the Palo Pinto Pipeline. In the alternative, the Receiver is seeking authority to abandon any and all interests, including, without limitation, any right or obligation to operate the Palo Pinto Pipeline.

III. AUTHORITIES

17. The Receiver is required to manage and operate receivership property according to the valid laws of states where property is located. 28 U.S.C. § 959(b). No authority exists which would require that the statutory liabilities of one receivership party to be imposed on other

receivership parties. *See, e.g., Palmer v. Webster & Atlas Nat'l Bank of Boston*, 312 U.S. 156, 167 (1941).²⁴ Parties with claims against Dodson Prairie must look to the assets of Dodson Prairie.

A. Dodson Prairie has no right to operate the Palo Pinto Pipeline.

18. Texas regulations require that an operator of a pipeline have a pipeline permit, generally referred to as a T-4. *See* 16 Tex. Admin. Code § 3.70. Dodson Prairie did not have such a permit. Dodson Prairie could not operate the Palo Pinto Pipeline without a pipeline permit. Thus, Receiver cannot operate the Palo Pinto Pipeline without such a permit. *See Gillis v. California*, 293 U.S. 62, 66 (1934). The Receiver has been unable to locate any Fifth Circuit or other authority which would compel the Receiver for Dodson Prairie to operate the Palo Pinto Pipeline or to assume any liability for the Palo Pinto Pipeline. The Palo Pinto Pipeline operator of record is PPBC. The RRC should continue direct its communications to PPBC relating to the Palo Pinto Pipeline.

19. It is well-settled that a receivership's primary goal is to provide a conduit through which assets can be held, liquidated, and distributed to the receivership beneficiaries. *See, e.g., SEC v. Safety Fin. Serv., Inc.*, 674 F.2d 369, 371 (5th Cir. 1982). In this Case, the beneficiaries include hundreds of investors and creditors who were victims of what has been alleged to be a Ponzi scheme that divested investors of millions of dollars.

20. A receiver is neither plaintiff nor defendant, but instead, acts as the Court's agent with respect to the administration of property. *See Clark v. Clark*, 58 U.S. 315, 331 (1855); *FSLIC v. PSL Realty Co.*, 630 F.2d 515, 521 (7th Cir. 1980), *cert. denied*, 452 U.S. 961 (1981) (explaining

²⁴*Palmer* addressed 28 U.S.C. § 124(a), the predecessor to 28 U.S.C. § 960(a), which provides that “[a]ny officers and agents conducting any business under authority of a United States court shall be subject to all Federal, State and local taxes applicable to such business to the same extent as if it were conducted by an individual or corporation.” 28 U.S.C. § 960(a).

the “receiver is an officer of the court and subject to its order in relation to the property for which he is responsible until discharged by the court”); *Fed. Home Loan Mortg. Corp. v. Spark Tarrytown, Inc.*, 829 F. Supp. 82, 85 (S.D.N.Y. 1993). The orders of the appointing court are the sole source of a receiver’s authority, and receivers are thus authorized to petition the appointing court on matters related to the receivership’s administration. *See Gaskill v. Gordon*, 27 F.3d 248, 251 (7th Cir. 1994); *see also Liberte Cap. Grp., LLC v. Capwill*, 248 Fed. App’x 650, 655 (6th Cir. 2007); *PSL Realty Co.*, 630 F.2d at 521. Nevertheless, if the order appointing the receiver is silent on an aspect of the receivership’s administration, courts look to the common law governing receiverships that has arisen and evolved over the centuries. Only if both the order appointing the receiver and federal receivership common law are silent on the determinative issues should courts look to other bodies of law for guidance. *See, e.g., Janvey v. Alguire*, No. 3:09-CV-0724-N, 2014 U.S. Dist. LEXIS, at *103–04 (N.D. Tex. Jul. 30, 2014) (noting the dearth of guidance available from existing caselaw on the interplay between the Federal Arbitration Act and federal equity receiverships and, as a result, looking to bankruptcy caselaw for guidance).

21. While caselaw involving district courts’ administration of an equity receivership is “sparse,” two basic principles emerge from cases involving receiverships. *SEC v. Hardy*, 803 F.2d 1034, 1037 (9th Cir. 1986). First, courts have “extremely broad” powers and discretion to “determine the appropriate action to be taken in the administration of the receivership[.]” *Id.*; *see Safety Fin. Serv.*, 674 F.2d at 373 (holding that the court overseeing the receivership is given “wide discretionary power” in light of “the concern for orderly administration”). Second, a “primary purpose” of receivership is to promote the orderly and efficient administration of the estate. *Hardly*, 803 F.2d at 1037. *Id.* This includes liquidation of the receivership assets. *SEC v. Millennium Bank*, No. 7:09-CV-050-O, 2009 U.S. Dist. LEXIS 140912, at *8 (N.D. Tex. Jul. 21,

2009) (explaining that the court’s discretion includes “the power to permit a Receiver to sell property where appropriate to protect the receivership estate”) (citing *SEC v. Elliot*, 953 F.2d 1560, 1566 (11th Cir. 1992)).

B. There is no on-going environmental damage and the Receiver seeks to abandon the Palo Pinto Pipeline.

22. If this Court holds that the RRC is correct and that Dodson Prairie (and not PPBC) was the operator of the Palo Pinto Pipeline despite (a) the lack of a T-4; (b) the lack of evidence of any ownership of any pipeline asset in Palo Pinto County; (c) the lack of any T-4B executed by Dodson Prairie requesting that the right to operate the Palo Pinto Pipeline be transferred to Dodson Prairie; and (d) the lack of compliance by Dodson Prairie with any other regulations related to becoming operator of the Palo Pinto Pipeline, the Receiver seeks to abandon such interests and any related obligations.

23. There is no authority from the Fifth Circuit or the Supreme Court addressing the standard of review of a receiver’s request to abandon any property, much less a pipeline or any other oil and gas property.

24. The Supreme Court has not addressed abandonment by a receiver. However, did address abandonment of property in the context of a bankruptcy. *In Midlantic National Bank v. New Jersey Department of Environmental Protection*, 474 U.S. 494 (1986), a Chapter 7 bankruptcy trustee sought to abandon a facility owned by the debtor which processed waste oil.²⁵ The facility was operated by the debtor (and later, the bankruptcy trustee) without a permit.²⁶ There was contaminated oil that was actively leaking from the storage containers.²⁷ The Supreme

²⁵ 474 U.S. at 496.

²⁶ *Id.* at 497.

²⁷ *Id.*

Court held that a bankruptcy court did not have the power to authorize the abandonment of property which was, at that time, environmentally hazardous property without formulating conditions that will adequately protect the public's health and safety.²⁸ The Supreme Court found support for its holding in 28 U.S.C. § 959(b), which requires receivers to "operate property in accordance with the valid laws of the State in which the property is situated, in the same manner that its owner or possessor thereof would be bound to do if in possession thereof." 28 U.S.C. § 959(b). Unlike the situation in *Midlantic*, none of the issues identified by the RRC allege an active environmental hazard. Also unlike the situation in *Midlantic*, Dodson Prairie is neither the owner of record nor the operator of record. There is no evidence that Dodson Prairie took any action that created any environmentally hazardous property.²⁹ The RRC has the right and should continue the process it began to compel compliance by the operator of record: PPBC.

25. The Fifth Circuit also has not addressed abandonment by a receiver, much less abandonment of an alleged obligation to operate a pipeline. In the bankruptcy context, the Fifth Circuit has held that costs incurred by the RRC to plug and abandon oil and gas wells were entitled to administrative expense status pursuant to 11 U.S.C. § 503(b)(1)(A). See *Texas v. Lowe (In re H.L.S. Energy Co.)*, 151 F.3d 434, 436 (5th Cir. 1998). In *H.L.S. Energy*, an agreement was reached with the State of Texas "whereby the state would plug the wells and charge the costs of plugging to the bankrupt estate."³⁰ There, the plugging obligation first accrued *after* the filing of the bankruptcy petition.³¹ The Fifth Circuit held that an expense incurred by the RRC to remedy

²⁸ *Id.* at 507.

²⁹ In *Midlantic*, the court found that the New Jersey Department of Environmental Protection discovered that Quanta Resources Corp. had violated a provision of the operating permit for the New Jersey facility by accepting oil contaminated with a toxic carcinogen. 474 U.S. at 499–500.

³⁰ *Id.*

³¹ *Id.* at 436.

a post-petition plugging obligation was entitled to administrative expense status. *Id.* at 438. There is no Fifth Circuit authority addressing the priority of payment in a receivership, and there is no similar statutory priority of payments in receiverships. Further, as evidenced by **Exhibits F and G**, the alleged violations all occurred prior to the appointment of the Receiver. This Motion does not seek a determination as to whether a claim may be asserted against Dodson Prairie as part of any Court approved claim process.

IV. BASIS FOR RELIEF REQUESTED

26. The Receivership Order authorizes the Receiver take certain actions regarding Receivership Assets. Paragraph 41 of the Receivership Order authorizes the Receiver to:

without further Order of this Court, transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.

Receivership Order, ¶ 41.

27. The Supreme Court in *Gillis* made it clear that a Receiver cannot operate property without required permits. *See* 293 U.S. at 66. A T-4 is such a required permit. 16 Tex. Admin. Code § 3.70(a)(c). The Receiver seeks an order of this Court confirming she has no right or obligation to operate the Palo Pinto Pipeline.

28. In the alternative, the Receiver seeks an order of the Court authorizing her to abandon any interest or obligation in connection with the Palo Pinto Pipeline. Paragraph 8(e) of the Receivership Order expressly authorizes the Receiver “[t]o *abandon* any asset that, in the exercise of the Receiver’s reasonable business judgment, will not provide benefit or value to the Receivership Estates.” Receivership Order, ¶ 8(E) (emphasis added). In the Receiver’s reasonable

business judgment, neither the Palo Pinto Pipeline nor any right to operate the Palo Pinto Pipeline provides a net benefit or value to the Receivership Estates.

29. The lack of any right to operate the Palo Pinto Pipeline may adversely affect the ability to produce from the associated wells owned by Receivership Parties. However, even absent the tens of thousands of dollars which would be necessary to even attempt to comply with applicable statutory and regulatory requirements, the proceeds from related production to other Receivership Parties would not cover all of the current direct and indirect operating costs for such wells. Any right to operate the Palo Pinto Pipeline provides zero net benefit to the Receivership Estates.

V. NOTICE

30. The Receiver will provide notice of this Motion to the Commission, PPBC, and the RRC.

VI. CONCLUSION

31. For the foregoing reasons, the Receiver requests that this Court enter the Proposed Order, granting the Motion and determining that the Receivership Estates have no right or interest to operate the Palo Pinto Pipeline. Alternatively, the Receiver requests Court authority to immediately abandon any interest or obligation in connection with the Palo Pinto Pipeline.

Dated: December 1, 2022

Respectfully submitted,

By: /s/ Danielle N. Rushing

Danielle N. Rushing

State Bar No. 24086961

drushing@dykema.com

DYKEMA GOSSETT PLLC

112 East Pecan Street, Suite 1800

San Antonio, Texas 78205

Telephone: (210) 554-5500

Facsimile: (210) 226-8395

and

Rose L. Romero

State Bar No. 17224700

Rose.Romero@RomeroKozub.com

LAW OFFICES OF ROMERO | KOZUB

235 N.E. Loop 820, Suite 310

Hurst, Texas 76053

Telephone: (682) 267-1351

COUNSEL TO RECEIVER

CERTIFICATE OF CONFERENCE

The Receiver, through the undersigned counsel, conferred with counsel for Plaintiff, Securities and Exchange Commission (the “Commission”), and with Mark Steinbach, Office of the Texas Attorney General counsel for the Railroad Commission of Texas (the “RRC”) on October 19, 2022, regarding the relief requested in the Motion. The Commission consents the relief requested in the Motion. The RRC opposes the relief requested in the Motion.

/s/ Danielle N. Rushing

Danielle N. Rushing

CERTIFICATE OF SERVICE

I hereby certify that on December 1, 2022, the foregoing document was served via CM/ECF on all parties appearing in this Case, including counsel for Plaintiff, Securities and Exchange Commission, and on the following via first class U.S. mail:

Amen Oil Company, LLC
1510 Hwy 380 Bypass
Graham, Texas 76450

Palo Pinto Bond Company
c/o CT Corporation System
1999 Bryan Street, Suite 900
Dallas, Texas 75201

Railroad Commission of Texas
Attn: Laura Valdez
Office of General Counsel—Legal
Enforcement Section
P.O. Box 12967
Austin, Texas 78711-2967

Railroad Commission of Texas
Attn: Megan Neal
Office of General Counsel—Legal
Enforcement Section
P.O. Box 12967
Austin, Texas 78711-2967

Mark A. Steinbach
Office of the Texas Attorney General
P.O. Box 12548
Austin, Texas 78711-2548

James Ikey
Bridy Ikey
103 Bayonne Drive
Mansfield, Texas 76063

IGroup Enterprises LLC
c/o James Ikey
103 Bayonne Drive
Mansfield, Texas 76063

John Muratore
Muratore Financial Services, Inc.
Thomas Brad Pearsey
c/o Theodore Grannatt
McCarter & English, LLP
265 Franklin Street
Boston, Massachusetts 02110

Palo Pinto Bond Company
1510 U.S. Highway 380 Bypass
Graham, Texas 76450
Amen Oil Company, LLC
P.O. Box 1925
Graham, Texas 76450

Palo Pinto Bond Company
c/o Andrew Day & Claude Penn
1006 Highway 960
Clinton, Louisiana 70722

Palo Pinto Bond Company
c/o Will Powers
8700 Manchaca, Suite 506
Austin, Texas 78748

Saguaro Petroleum, LLC
c/o Toben Scott
1509 West Wall Street, Suite 100
Midland, Texas 79701

Manjit Singh (aka Roger) Sahota
Harprit Sahota
Monrose Sahota
Sunny Sahota
3371 Knickerbocker Road
Unit #185
San Angelo, Texas 76904

/s/ Danielle N. Rushing
Danielle N. Rushing

EXHIBIT A

MAPS OF PALO PINTO PIPELINE

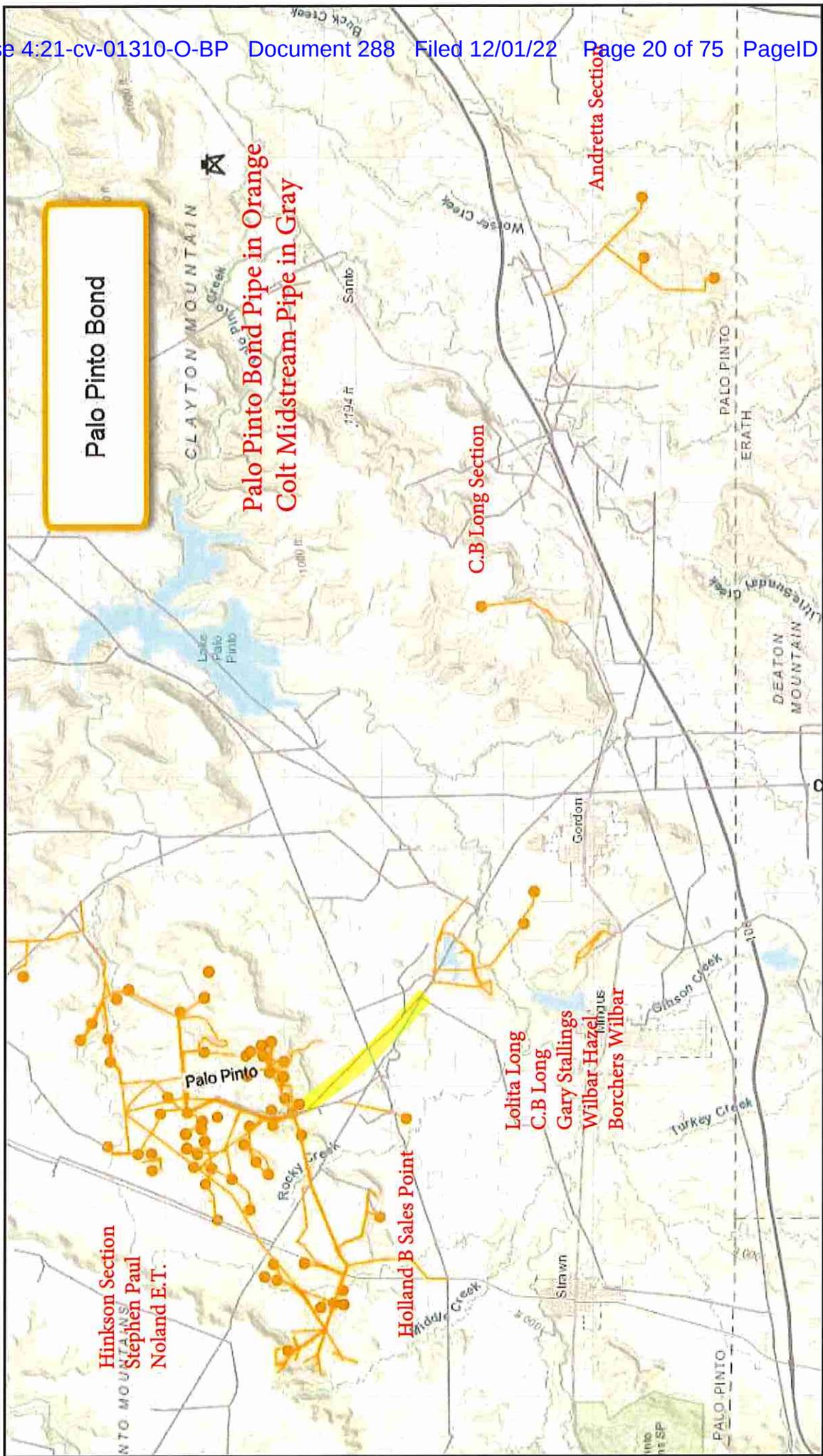


EXHIBIT B

EMAIL DATED AUGUST 16, 2021

From: <kody@theheartlandgroup.net>
To: "Sean Dyer" <sean.dyer@rrc.texas.gov>
Subject: FW: T4 Permit 03712- ACTION NEEDED
Sent: Tue 9/21/2021 3:01:40 PM (UTC)

Kody Walker
Director of Operations



Direct # 817-991-7573
777 Main St Suite 2160
Fort Worth, Texas 76102
www.theheartlandgroup.net

From: Karley Bisbano <Karley.Bisbano@rrc.texas.gov>
Sent: Monday, August 16, 2021 4:06 PM
To: Toben Scott <Toben@saguaropetroleum.com>; kody@theheartlandgroup.net
Cc: Misty Scott <Misty@saguaropetroleum.com>
Subject: RE: T4 Permit 03712- ACTION NEEDED

Hi Toben,

The transfer has to be initiated by the divesting operator, and it doesn't look like any transfers were submitted on T4 permit 03712 (which is the only active permit under Palo Pinto).

The permit will have to be renewed once and then it will be able to be transferred. It can be transferred to Amen or directly to Heartland – this will depend on what you are able to work out. We are fine with the direct transfer as long as the permit ends up in the correct hands at the end of the day.

In order to receive a T4 permit, the operator needs to have an active P5, so if this is not in place, it will need to be remedied immediately. The P5 group can be reached at P5@rrc.texas.gov.

Once you renew the permit, you will see "Divesting Transfer" as an option under the dropdown Action menu. A full transfer requires a T-4B signed by both operators and a cover letter.

Kody, if you do not have a login setup for the RRC Online, the instructions to set this up can be found here:
<https://www.rrc.texas.gov/forms/online-filing-at-rrc/getting-an-account/>

Let me know if either operator has any questions. Thanks!

Please take a moment to complete the survey via the link below. Your input is greatly appreciated.

Karley Bisbano

Pipeline Safety Permit Specialist
Railroad Commission of Texas
karley.bisbano@rrc.texas.gov

512-463-6828

[Take our Customer Service Survey](#)



From: Toben Scott <Toben@saguaropetroleum.com>
Sent: Monday, August 16, 2021 3:46 PM

To: kody@theheartlandgroup.net: Karley Bisbano <Karley.Bisbano@rrc.texas.gov>
Cc: Misty Scott <Misty@saguaropetroleum.com>
Subject: Fwd: T4 Permit 03712- ACTION NEEDED

Ms. Bisbano,
Saguaro Petroleum transferred all Palo assets to Amen Oil out of Graham, TX effective June 1st, 2020. Those assets have since been transferred to The Heartland Group from Ft. Worth (Kody is cc'd above) which has a couple of different operating entities. I don't remember whether there any T-4 transfers done back then or not. If not, I'm assuming that Saguaro will need to renew and then transfer to Amen or even more directly to The Heartland group.

Please advise

Toben Scott
President-Saguaro Petroleum

Sent from my iPhone
Begin forwarded message:

From: Zayman Villegas <zayman@returndisposal.com>
Date: August 16, 2021 at 1:28:50 PM CDT
To: Toben Scott <Toben@saguaropetroleum.com>, Misty Scott <Misty@saguaropetroleum.com>
Subject: Fwd: T4 Permit 03712- ACTION NEEDED

Thanks,

Zayman Villegas

Sent from my iPhone
Begin forwarded message:

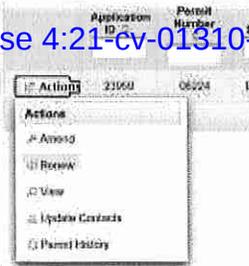
From: Karley Bisbano <Karley.Bisbano@rrc.texas.gov>
Date: August 16, 2021 at 1:28:14 PM CDT
To: Zayman Villegas <zayman@returndisposal.com>
Subject: T4 Permit 03712- ACTION NEEDED

Hi Zayman,

I'm reaching out with this courtesy notice to take action on T4 permit 03712 in the POPS system (Pipeline Online Permitting System). You can login to this platform here: <https://webapps.rrc.texas.gov/security/login.do>. If you don't have a login for RRC Online, let me know and I can send instructions.

The permit recently expired on 05/31/2021 and needs to be renewed ASAP using the "Renew" Action button.

	Application ID	Permit Number	Permit Status	Filing Type	Filing Status	Operator Name	P-5 Number	Permit Type	Class
						PALO PI			
 Actions	26126	03712	Delinquent	Renewal	Issued	PALO PINTO BOND COMPANY, LLC	637403	Gas	P



A renewal submission **requires a cover letter stating the active miles under the permit and an overview map**. You can also view our Permitting & Mapping webpage for more information: <https://rrc.texas.gov/pipeline-safety/permitting-and-mapping/>.

Let me know if you have any questions about the renewal process and I would be more than happy to help out.

Thanks!

Please take a moment to complete the survey via the link below. Your input is greatly appreciated.

Karley Bisbano

Pipeline Safety Permit Specialist

Railroad Commission of Texas

karley.bisbano@rrc.texas.gov

512-463-6828

[Take our Customer Service Survey](#)



EXHIBIT C

EMAIL DATED JULY 19, 2021

Texas Railroad Commission
1701 N. Congress
Austin, TX 78701
Attn: P-5 Department (Josie)

July 19th, 2021

Re: Palo Pinto Bond Company P-5 Bond (Oper. # 637403); Request for "in demand" bond refund to cash deposit

To Whom It May Concern:

My name is Claude Penn and I am a former officer of Palo Pinto Bond Company (Oper. # 637403). On July 1st, 2020 (Effective Date), the former owners of Palo Pinto Bond Company executed a Stock Purchase Agreement with Amen Oil, LLC out of Graham, TX so that Amen would own and control the entity along with a number of producing and shut-in gas wells residing in Palo Pinto County, TX. The former owners of Palo Pinto Bond Company had a \$50,000 letter of credit posted on the Palo Pinto Company P-5 bond via a CD through First Guaranty Bank in Hammond, LA with an origination date of 9/22/2016. In a letter dated 11/16/2020, the RRC sent out a letter demanding the \$50,000 in proceeds from the CD from First Guaranty Bank and that demand was funded on 11/24/2020. We assume that that status change occurred when Amen Oil failed to renew the P-5 for the recently acquired entity and assets and replace that former bond with their new bond?? It is our understanding with the new owners that have taken over the assets from Amen Oil that the RRC simply needs a letter from a former officer (Andrew Day or Claude Penn) of Palo Pinto Bond Company requesting that the bond proceeds be moved out of "in demand" status and into a cash deposit to be refunded once the new owners post replacement assurance.

I ask for your assistance today to confirm these events as we have researched them to be and to place these bond proceeds into a cash deposit so that they can be refunded to the owners accordingly. Thank you in advance for your time and attention into this matter. Please reply back to all parties below with your response.

Sincerely,



Claude Penn

c/o: Andrew Day-CFO for Claude Penn

(m) 225-315-0103

andrewbday@frogsfuel.brcxmail.com

cc:

Andrew Day	Former officer of Palo Pinto Bond Company	andrewbday@frogsfuel.brcxmail.com
Toben Scott	Saguaro Petroleum (former contract operator for PPBC)	toben@saguaropetroleum.com
Will Powers	RRC Consultant and former partner in PPBC	will@powersenergyconsulting.com
Christy Wells	First Guaranty Bank—Hammond Louisiana	clwells@fgb.net
Kody Walker	The Heartland Group—new owner of PPBC gas well assets	kody@theheartlandgroup.net

EXHIBIT D

**CERTIFICATE OF FORMATION FOR
DODSON PRAIRIE OIL & GAS LLC**

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



Jose A. Esparza
Deputy Secretary of State

Office of the Secretary of State

The undersigned, as Deputy Secretary of State of Texas, does hereby certify that the attached is a true and correct copy of each document on file in this office as described below:

Dodson Prairie Oil & Gas LLC
Filing Number: 804050980

Certificate of Formation, including packing slip

May 04, 2021

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on July 21, 2021.



A handwritten signature in black ink, appearing to read "Jose A. Esparza".

Jose A. Esparza
Deputy Secretary of State

Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
FAX: 512/463-5709



**Certificate of Formation
Limited Liability Company**

**Filed in the Office of the
Secretary of State of Texas
Filing #: 804050980 05/04/2021
Document #: 1048402370002
Image Generated Electronically
for Web Filing**

Filing Fee: \$300

Article 1 - Entity Name and Type

The filing entity being formed is a limited liability company. The name of the entity is:

Dodson Prairie Oil & Gas LLC

Article 2 - Registered Agent and Registered Office

A. The initial registered agent is an organization (cannot be company named above) by the name of:

Brunson Law PLLC

OR

B. The initial registered agent is an individual resident of the state whose name is set forth below:

C. The business address of the registered agent and the registered office address is:

Street Address:

777 Main Street, Suite 2160 Fort Worth TX 76102

Consent of Registered Agent

A. A copy of the consent of registered agent is attached.

OR

B. The consent of the registered agent is maintained by the entity.

Article 3 - Governing Authority

A. The limited liability company is to be managed by managers.

OR

B. The limited liability company will not have managers. Management of the company is reserved to the members.

The names and addresses of the governing persons are set forth below:

Manager 1: (Business Name) **Heartland Group Ventures LLC**

Address: **777 Main St, Ste 2160 Fort Worth TX, USA 76102**

Article 4 - Purpose

The purpose for which the company is organized is for the transaction of any and all lawful business for which limited liability companies may be organized under the Texas Business Organizations Code.

Supplemental Provisions / Information

[The attached addendum, if any, is incorporated herein by reference.]

Organizer

The name and address of the organizer are set forth below.

Brunson Law PLLC **777 Main Street, Suite 2160, Fort Worth, TX 76102**

Effectiveness of Filing

A. This document becomes effective when the document is filed by the secretary of state.

OR

B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of its signing. The delayed effective date is:

Execution

The undersigned affirms that the person designated as registered agent has consented to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized under the provisions of law governing the entity to execute the filing instrument.

Rustin Brunson, Attorney, Brunson Law PLLC

Signature of Organizer

FILING OFFICE COPY

Corporations Section
 P.O.Box 13697
 Austin, Texas 78711-3697



Ruth R. Hughs
 Secretary of State

Office of the Secretary of State
 Packing Slip

May 5, 2021
 Page 1 of 1

Attn: Rustin D Brunson
 Rustin D Brunson
 7109 Sussex Lane
 Mansfield, TX 76063

Batch Number: 104840237

Batch Date: 05-04-2021

Client ID: 702198390

Return Method: Email

Document Number	Document Detail	Number / Name	Page Count	Fee
1048402370002	Certificate of Formation	Dodson Prairie Oil & Gas LLC	2	\$300.00
1048402370003	Convenience Fee			\$8.10
			Total Fees:	\$308.10

Payment Type	Payment Status	Payment Reference	Amount
Credit Card	Received	*****1108	\$308.10
			Total: \$308.10

Total Amount Charged to Client Account: \$0.00
 (Applies to documents or orders where Client Account is the payment method)

Note to Customers Paying by Client Account: This is not a bill. Payments to your client account should be based on the monthly statement and not this packing slip. Amounts credited to your client account may be refunded upon request. Refunds (if applicable) will be processed within 10 business days.

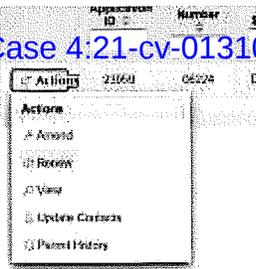
There is a 2.7% convenience fee on credit card payments. This additional amount will be computed and shown on your credit card statement when the credit card transaction is settled.

User ID: WEBSUBSCRIBER

Phone: (512) 463-5555 *Come visit us on the Internet @ <https://www.sos.texas.gov/>* FAX: (512) 463-5709 Dial: 7-1-1 for Relay Services

EXHIBIT E

**EMAIL DATED AUGUST 16, 2021
FROM RRC**



A renewal submission **requires a cover letter stating the active miles under the permit and an overview map**. You can also view our Permitting & Mapping webpage for more information: <https://rrc.texas.gov/pipeline-safety/permitting-and-mapping/>.

Let me know if you have any questions about the renewal process and I would be more than happy to help out.

Thanks!

Please take a moment to complete the survey via the link below. Your input is greatly appreciated.

Karley Bisbano

Pipeline Safety Permit Specialist

Railroad Commission of Texas

karley.bisbano@rrc.texas.gov

512-463-6828

[Take our Customer Service Survey](#)



EXHIBIT F

**EXECUTIVE CLOSING
DATED SEPTEMBER 21, 2021**



Railroad Commission of Texas
Oversight and Safety Division
Pipeline Safety Department

Executive Closing

INSPECTION PACKAGE NUMBER: INSPPKG-0000076951

Operator: (0702) DODSON PRAIRIE OIL & GAS LLC

Unit: (32310) DODSON PRAIRIE O&G LLC/REG 6 GAS

Systems: For a complete listing of systems evaluated, refer to the Inspection Package. Systems found not to be in violation are excluded from the Executive Closing document. **Alleged violations are listed per system below.**

Date of Executive Closing: 09/21/2021

Operator Personnel Attending/Participating in the Executive Closing

Kody Walker - Operations

Rustin Brunson - Manager

Commission Personnel Attending/Participating in the Executive Closing

Sean Dyer - Inspector

The following alleged violation(s) were identified during the Pipeline Safety Evaluation / Inspection / Investigation and will be detailed within the official correspondence with the Company Executive, to follow. These observations are preliminary and are subject to further evaluation and modification.

System: C. B. "A" LONG 1, 4"

1. Regulation: Title 16, 8.1 (b)(4)

All operators of pipelines and/or pipeline facilities regulated by this chapter, other than master metered systems and distribution systems, shall comply with §3.70 of this title (relating to Pipeline Permits Required).

Violation Note: Title 16, 8.1 (b)(4)

The operator did not have a current T-4 permit associated with the gas gathering system it acquired from Palo Pinto Bond Company, LLC. T-4 Permit #03712 is still listed under Palo Pinto Bond Company, LLC and has not been transferred over.

2. Regulation: 49 CFR 192.614(a)

The operator had a buried pipeline and did not carry out, in accordance with 49 CFR Part 192.614, a written program to prevent damage to that pipeline from excavation activities, including excavation, blasting, boring, tunneling, backfilling, removal of aboveground structures by either explosive or mechanical means, and other earth moving operations.

Violation Note: 49 CFR 192.614(a)

The operator did not establish a written Damage Prevention Program.

3. Regulation: 49 CFR 192.616 (a)

The operator did not develop and implement a written continuing public education and awareness program following the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162.

Violation Note: 49 CFR 192.616 (a)

The operator did not establish a written Public Awareness Program.

4. Regulation: 49 CFR 199.101 (a)

The operator did not have a written anti-drug plan that conforms to Part 199 and/or DOT Procedures.

Violation Note: 49 CFR 199.101 (a)

The operator did not have a written Anti-Drug Plan.

5. Regulation: 49 CFR 199.202

The operator did not have a written alcohol misuse plan that conforms to Part 199 and/or DOT Procedures.

Violation Note: 49 CFR 199.202

The operator did not have a written Alcohol Misuse Plan.

6. Regulation: 49 CFR 192.619(a)

A maximum allowable operating pressure was not established for the system.

Violation Note: 49 CFR 192.619(a)

The operator did not establish the maximum allowable operating pressure of the C. B. "A" Long 1, 4" gas gathering system nor did the operator have records demonstrating what the MAOP of

the pipeline system was since acquiring the gas gathering system from Palo Pinto Bond Company, LLC in May 2021.

7. Regulation: 49 CFR 192.609(a)

Population density increases indicate a change in the class location(s) for steel pipeline segments that operated at a hoop stress or more than 40 percent of SMYS, and a study had not been made to determine the segments' present class location.

Violation Note: 49 CFR 192.609(a)

The operator had not performed a class location study to confirm the class location of the pipeline segment running by the ALR Center (recreation center) operated by the Sundance Club at the 7R Ranch in Gordon, TX.

8. Regulation: Title 16, 8.205

There were no written procedures for reporting natural gas leak complaints.

Violation Note: Title 16, 8.205

The operator did not have written procedures for handling natural gas leak complaints on its pipelines.

9. Regulation: 49 CFR 192.709(c)

A record of each patrol, survey, inspection or test required by Subparts L and M were not being maintained.

Violation Note: 49 CFR 192.709(c)

The operator did not have records demonstrating compliance with Subparts L & M.

10. Regulation: 49 CFR 192.491(b)

Records or maps required by 49 CFR 192.491(a) were not maintained for the listed pipeline.

Violation Note: 49 CFR 192.491(b)

The operator did not have records demonstrating compliance with Subpart I.

11. Regulation: 49 CFR 192.707(c)

Line markers were not placed or maintained along the following publicly accessible, aboveground main or transmission line section:

Violation Note: 49 CFR 192.707(c)

September 21, 2021

Page 4

The operator did not maintain pipeline markers along the right-of-way of the pipeline running by the ALR Center (recreation center) operated by the Sundance Club at the 7R Ranch in Gordon, TX.

TEXAS RAILROAD COMMISSION
PIPELINE SAFETY * FIELD INSPECTION FORM
ANTI-DRUG & ALCOHOL MISUSE PREVENTION PROGRAM

DATE: 09/20/21

COMPANY ID 702

OPERATOR EVALUATED Dodson Prairie Oil & Gas LLC

INSPECTOR'S NAME Sean Dyer

PERSON(S) INTERVIEWED Kody Walker

TYPE OF FACILITY

- GAS TRANSMISSION PIPELINE HAZARDOUS LIQUID PIPELINE
 GAS DISTRIBUTION PIPELINE LIQUEFIED NATURAL GAS

COMPLIANCE	CRITERION	GUIDANCE
199.101 YES <input type="checkbox"/> 199.202 NO <input checked="" type="checkbox"/> N/A <input type="checkbox"/>	Does the inspection unit/location have available a copy of the company's written anti-drug and alcohol plan?	
199.113 (c) YES <input type="checkbox"/> 199.241 NO <input checked="" type="checkbox"/> N/A <input type="checkbox"/>	Do the supervisor's making the reasonable cause determinations have the required training?	At least 60 minutes of drug and 60 minutes of alcohol training are required.
199.113 (b) YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> N/A <input type="checkbox"/>	Does the inspection unit/location display a community service "Hot Line" phone number (Employee Assistance Program)?	

Number of Covered Employees 0
 Number of Random Tests conducted within previous calendar year 0
 Number of Pre-Employment Tests conducted within previous calendar year 0
 Number of Post-Accident Tests conducted within previous calendar year 0

Comments:
 199.101(a) - U: The operator did not have a written Anti-Drug Plan.
 199.202 - U: The operator did not have a written Alcohol Misuse Plan.
 199.113(c) / 199.241 - No: The supervisor did not have 60 minutes of drug training and 60 minutes of alcohol training to make reasonable cause determinations.

Standard Comprehensive Inspection Checklist of a Gas Transmission Pipeline

For each line item: S – Satisfactory U – Unsatisfactory NA – Not Applicable NC – Not Checked
 If an item is marked No, U, NA, or NC, an explanation must be included in the comments section.
 Unless otherwise noted, all code references are to 49 CFR Part 192.
 Revised: 02/2021

Step 1: CHECK COMPANY CONTACT IN PES
Step 2: Is the company contact a VP or higher?
Step 3: If one or both are incorrect, fill out database change form and attach to PES

Section 1: Programs and Reporting

Plans/ Programs and Procedures		Yes	No	NA	Last Review Date mm/dd/yyyy
.605	Does the operator have an O&M Plan?		No		
.615	Does the operator have an Emergency Plan?		No		
.805	Does the operator have an Operator Qualification Plan?		No		
192 SubPart O	Does the operator have an Integrity Management Plan?			N/A	
TAC 8.101	Does the operator have a Texas Integrity Management Plan?			N/A	
.614	Does the operator have a Damage Prevention Program?		No		
.616	Does the operator have a Public Awareness Plan?		No		
Parts 199 / 40	Does the operator have a Drug & Alcohol Plan?		No		
TAC 8.125	Does the operator have any waivers filed with the commission? If Yes, review documents.		No		
TAC 8.205/207	Does the operator have leak grading/repair/complaint Procedures?		No		

Comment:
 .605 - No: The operator did not have an Operations & Maintenance Plan.
 .615 - No: The operator did not have an Emergency Plan.
 .805 - No: The operator did not have a written Operator Qualification Program.
 192 SubPart O - N/A: Integrity Management is not currently required for gas gathering systems.
 TAC 8.101 - N/A: Integrity Management is not currently required for gas gathering systems.
 .614 - U: The operator did not establish a written Damage Prevention Program.

Procedure Review Required by PHMSA		S, U, NA, NC
PHMSA Requirement	Confirmation that transmission operators have submitted information into NPMS database along with changes made after original submission	N/A
PHMSA Requirement	Review directional drilling/boring procedures of pipeline operator or its contractor and determine if they include actions to protect their facilities from the dangers posed by drilling and other trench less technologies.	N/C
PHMSA Requirement	Check to assure the pipeline operator is following its written procedures pertaining to notification of excavation, marking, positive response and the availability and use of the one call system.	N/C

Comment:
 N/A: Not required for gas gathering systems.
 N/C: The operator did not have the prerequisite Damage Prevention Plan.

Annual Reporting		S, U, NA, NC
191.17/ TAC 8.210(b)	Annual Report (PHMSA F 7100.2-1)	N/A
TAC 8.51	RRC Form P-5 Organization Report	S
TAC 8.1(b)(4)	Pipeline T-4 Permit	U
TAC 8.235(a, b, c, d, e)	Natural Gas Public Education and Liaison	N/C

Other (As Required) Reporting		S, U, NA, NC
191.5/ TAC 8.210(a)(1)	Immediate Notice Reports to NRC. Telephonic report at the earliest practical moment, but not less than one hour upon discovery.	N/A
TAC 8.115	New Construction Report--RRC Form PS-48	N/A
191.15/ TAC 8.210(a)(3)(A)	Incident Reporting (PHMSA F 7100.2) Operator shall retain it's records and provide to the Commission upon requests the applicable written reports submitted to the Department of Transportation.	N/A
191.23/ TAC 8.210(c)	Safety-Related Conditions	N/A

Comment:
 191.17 / TAC 8.210(b) - N/A: The operator has not had the opportunity to submit an annual report to PHMSA since acquiring the pipeline in May 2021.
 TAC 8.1(b)(4) - U: The operator did not have a current T-4 permit associated with the gas gathering system it acquired from Palo Pinto Bond Company, LLC. T-4 Permit #03712 is still listed under Palo Pinto Bond Company, LLC and has not been transferred over.
 TAC 8.235(a, b, c, d) - N/C: The prerequisite Public Awareness Program currently did not exist, therefore there was no public education or liaison.
 191.5 / TAC 8.210(a)(1) - N/A: The operator has not had any incidents in the gas gathering system inspected.
 TAC 8.115 - N/A: There has been no new construction in the gas gathering system inspected.

EXHIBIT G

**PIPELINE SAFETY PACKAGE
DATED OCTOBER 13, 2021**

WAYNE CHRISTIAN, CHAIRMAN
CHRISTI CRADDICK, COMMISSIONER
JIM WRIGHT, COMMISSIONER



STEPHANIE WEIDMAN
PIPELINE SAFETY DIRECTOR

RAILROAD COMMISSION OF TEXAS

OVERSIGHT AND SAFETY DIVISION PIPELINE SAFETY

October 13, 2021

455-21

,
DODSON PRAIRIE OIL & GAS LLC
,

Re: Pipeline Safety Evaluation

Inspection Package Number: INSPPKG-0000076951

DODSON PRAIRIE O&G LLC/REG 6 GAS

(All correspondence must include the Inspection Package Number)

Dear :

Recently, a safety evaluation was conducted of pipeline facilities operated by your company. These facilities are identified in the attached Safety Evaluation Summary. Safety evaluations are conducted in accordance with pipeline safety requirements of the Texas Utilities Code, Section 121.201 for natural and other gas pipeline facilities and TEX. NAT. RES. CODE, Sections 117.001 and 117.011 (Vernon Supp. 2002) for hazardous liquid pipeline facilities.

During the evaluation, selected physical conditions, written procedures, and records were reviewed. At the time of this evaluation, alleged violations of the minimum safety standards were found and are detailed in the attached correspondence. Action should begin immediately to correct the listed violation(s). For those violation(s) not corrected during the evaluation, submit to this office a schedule and correction plan.

The correction plan should be an item-by-item explanation of exactly how and by what exact date each individual violation will be corrected. The date specified in the Safety Evaluation Summary is the date we should receive your plan, not the date you are to have the alleged violation(s) corrected. Our staff will review the plan for compliance with the safety requirements. Please provide documentation verifying corrective action taken once corrective action is complete. You may send your plan of correction and documentation by email to safety@rrc.texas.gov, or by mail.

The evaluation results reflect the general status and condition of the entire system. It is your responsibility to take action, not only to correct the specific deficiencies listed in the

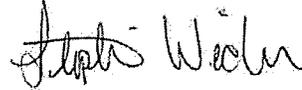
October 13, 2021

Page 2

attachment, but also to recognize and correct any other conditions which do not meet the minimum safety standards.

If you have any questions, please do not hesitate to contact the Oversight and Safety Division by email at safety@rrc.texas.gov or by phone at 512-463-7058.

Sincerely,



Stephanie Weidman
Pipeline Safety Director

Enclosures: Safety Evaluation Summary
Alleged Violation List

10/13/2021 3:26 PM

Page 3 of 7

**Railroad Commission of Texas
Pipeline Safety
Safety Evaluation Summary**

Inspection Package: INSPPKG-0000076951 Activity/Classification: Standard/Comprehensive

Operator:

0702 DODSON PRAIRIE OIL & GAS LLC

Unit:

32310 DODSON PRAIRIE O&G LLC/REG 6 GAS

Inspection Package Performed

Start Date: 09/20/2021

End Date: 09/21/2021

Eval No	System ID and Name	System Type	Alleged Violations			
			Repeat	Uncorrected	Corrected	Total
INSP- 00001125 99	967677 C. B. "A" LONG 1, 4"	Gas Transmission	0	11	0	11

Action

A plan of correction is due by November 12, 2021

Important Note: The pipeline system(s) listed above are identified by a number and name and represent the physical pipe, valves and other components operated by your company. Additionally, there may be a pipeline system listed that is named System of Company ID Number where number is the identification number of your company. This system is used to represent your company and does not represent any physical pipeline system. For internal purposes it allows the Commission to more properly record inspection work performed at the company level. Where deficiencies are found in programs, plans, procedures, and records at the company level and are not with a specific physical system, alleged violations will be cited against the System of Company ID Number.

10/13/2021 3:26 PM

**Railroad Commission of Texas
Pipeline Safety
Alleged Violation List**

Page 4 of 7

All correspondence must include the Inspection Package and Evaluation Number

Inspection Package: INSPPKG-0000076951 Activity/Classification: Standard / Comprehensive

System Name: C. B. "A" LONG 1, 4"

Evaluation Number: INSP-0000112599

Item Number: 1.0

Action Needed: Violation requires a plan of correction by 11/12/2021.

Description: All operators of pipelines and/or pipeline facilities regulated by this chapter, other than master metered systems and distribution systems, shall comply with §3.70 of this title (relating to Pipeline Permits Required).

Requirement: Title 16, 8.1 (b)(4)

Notes:

Description:

Location: 777 Main St, Suite 2160
Fort Worth, TX 76102

Comment: The operator did not have a current T-4 permit associated with the gas gathering system it acquired from Palo Pinto Bond Company, LLC. T-4 Permit #03712 is still listed under Palo Pinto Bond Company, LLC and has not been transferred over.

Item Number: 2.0

Action Needed: Violation requires a plan of correction by 11/12/2021.

Description: The operator had a buried pipeline and did not carry out, in accordance with 49 CFR Part 192.614, a written program to prevent damage to that pipeline from excavation activities, including excavation, blasting, boring, tunneling, backfilling, removal of aboveground structures by either explosive or mechanical means, and other earth moving operations.

Requirement: 49 CFR 192.614(a)

Notes:

Description:

Location: 777 Main St, Suite 2160
Fort Worth, TX 76102

Comment: The operator did not establish a written Damage Prevention Program.

Item Number: 3.0

Action Needed: Violation requires a plan of correction by 11/12/2021.

Description: The operator did not develop and implement a written continuing public education and awareness program following the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162.

10/13/2021 3:26 PM

Railroad Commission of Texas
Pipeline Safety
Alleged Violation List

Page 5 of 7

All correspondence must include the Inspection Package and Evaluation Number

Requirement: 49 CFR 192.616 (a)

Notes:

Description:

Location: 777 Main St, Suite 2160
Fort Worth, TX 76102

Comment: The operator did not establish a written Public Awareness Program.

Item Number: 4.0

Action Needed: Violation requires a plan of correction by 11/12/2021.

Description: The operator did not have a written anti-drug plan that conforms to Part 199 and/or DOT Procedures.

Requirement: 49 CFR 199.101 (a)

Notes:

Description:

Location: 777 Main St, Suite 2160
Fort Worth, TX 76102

Comment: The operator did not have a written Anti-Drug Plan.

Item Number: 5.0

Action Needed: Violation requires a plan of correction by 11/12/2021.

Description: The operator did not have a written alcohol misuse plan that conforms to Part 199 and/or DOT Procedures.

Requirement: 49 CFR 199.202

Notes:

Description:

Location: 777 Main St, Suite 2160
Fort Worth, TX 76102

Comment: The operator did not have a written Alcohol Misuse Plan.

Item Number: 6.0

Action Needed: Violation requires a plan of correction by 11/12/2021.

Description: A maximum allowable operating pressure was not established for the system.

Requirement: 49 CFR 192.619(a)

Notes:

10/13/2021 3:26 PM

Railroad Commission of Texas
Pipeline Safety
Alleged Violation List

Page 6 of 7

All correspondence must include the Inspection Package and Evaluation Number

Description:

Location: 777 Main St, Suite 2160
Fort Worth, TX 76102

Comment: The operator did not establish the maximum allowable operating pressure of the C. B. "A" Long 1, 4" gas gathering system nor did the operator have records demonstrating what the MAOP of the pipeline system was since acquiring the gas gathering system from Palo Pinto Bond Company, LLC in May 2021.

Item Number: 7.0

Action Needed: Violation requires a plan of correction by 11/12/2021.

Description: Population density increases indicate a change in the class location(s) for steel pipeline segments that operated at a hoop stress or more than 40 percent of SMYS, and a study had not been made to determine the segments' present class location.

Requirement: 49 CFR 192.609(a)

Notes:

Description:

Location: 341 Post Oak Rd
Gordon, TX 76453

Comment: The operator had not performed a class location study to confirm the class location of the pipeline segment running by the ALR Center (recreation center) operated by the Sundance Club at the 7R Ranch in Gordon, TX.

Item Number: 8.0

Action Needed: Violation requires a plan of correction by 11/12/2021.

Description: There were no written procedures for reporting natural gas leak complaints.

Requirement: Title 16, 8.205

Notes:

Description:

Location: 777 Main St, Suite 2160
Fort Worth, TX 76102

Comment: The operator did not have written procedures for handling natural gas leak complaints on its pipelines.

Item Number: 9.0

Action Needed: Violation requires a plan of correction by 11/12/2021.

Description: A record of each patrol, survey, inspection or test required by Subparts L and M were not being

10/13/2021 3:26 PM

Railroad Commission of Texas
Pipeline Safety
Alleged Violation List

Page 7 of 7

All correspondence must include the Inspection Package and Evaluation Number

maintained.

Requirement: 49 CFR 192.709(c)

Notes:

Description:

Location: 777 Main St, Suite 2160
Fort Worth, TX 76102

Comment: The operator did not have records demonstrating compliance with Subparts L & M.

Item Number: 10.0

Action Needed: Violation requires a plan of correction by 11/12/2021.

Description: Records or maps required by 49 CFR 192.491(a) were not maintained for the listed pipeline.

Requirement: 49 CFR 192.491(b)

Notes:

Description:

Location: 777 Main St, Suite 2160
Fort Worth, TX 76102

Comment: The operator did not have records demonstrating compliance with Subpart I.

Item Number: 11.0

Action Needed: Violation requires a plan of correction by 11/12/2021.

Description: Line markers were not placed or maintained along the following publicly accessible, aboveground main or transmission line section:

Requirement: 49 CFR 192.707(c)

Notes:

Description:

Location: 341 Post Oak Rd
Gordon, TX 76453

Comment: The operator did not maintain pipeline markers along the right-of-way of the pipeline running by the ALR Center (recreation center) operated by the Sundance Club at the 7R Ranch in Gordon, TX.

EXHIBIT H

**LETTER FROM RRC TO
PALO PINTO BOND COMPANY, LLC**

WAYNE CHRISTIAN, CHAIRMAN
CHRISTI CRADDICK, COMMISSIONER
JIM WRIGHT, COMMISSIONER



STEPHANIE WEIDMAN
PIPELINE SAFETY DIRECTOR

RAILROAD COMMISSION OF TEXAS

OVERSIGHT AND SAFETY DIVISION PIPELINE SAFETY

February 17, 2022

455-21
Andrew Day, Manager
PALO PINTO BOND COMPANY, LLC
1509 W Wall St Ste 100
Midland, TX 79701

Re: Pipeline Safety Evaluation
Inspection Package Number: INSPPKG-0000070971
UNIT OF COMPANY ID 9339

(All correspondence must include the Inspection Package Number)

Dear Andrew Day:

Our letter of January 3, 2022 requested a plan of correction for alleged violations cited in the above-referenced inspection package no later than February 2, 2022. To date, the requested verification has not been received.

The plan must be received in this office no later than March 18, 2022. Please provide documentation verifying corrective action taken once corrective action is complete. You may send your plan of correction and documentation by email to safety@rrc.texas.gov, or by mail. Failure to comply with this request will result in referral to the General Counsel Division for the appropriate action.

If you have any questions, please do not hesitate to contact the Oversight and Safety Division by email at safety@rrc.texas.gov or by phone at 512-463-7058.

Sincerely,

Stephanie Weidman
Pipeline Safety Director

Enclosure: Safety Evaluation Summary
Alleged Violation List

FEB 24 2022

EXHIBIT I

MARCH 3, 2022 RRC NOTICE TO PPBC

Subject: RE: Palo Pinto Bond Company: Pipeline Safety Evaluation--Inspection Package Number: INSPPKG-0000070971 Unit of Company ID 9339
From: Nicholas Owojori <nicholas.owojori@rrc.texas.gov>
Date: 3/3/2022, 10:07 AM
To: Toben Scott <Toben@saguaropetroleum.com>
CC: Safety <Safety@rrc.texas.gov>, Misty Scott <Misty@saguaropetroleum.com>, "andrewbday@frogsfuel.brcoxmail.com" <andrewbday@frogsfuel.brcoxmail.com>, "will@powersenergyconsulting.com" <will@powersenergyconsulting.com>, Garry Starr <starrjr.garry@yahoo.com>, Vicki Palmour <vicpalmour@vickipalmourconsulting.com>, "kody@theheartlandgroup.net" <kody@theheartlandgroup.net>, Raymond Hafner <rhafner@rreeselaw.com>

Mr. Scott,

Per State Rule 16TAC 3.70 (o) "A pipeline operator who has been issued a permit and is transferring the pipeline or a portion of the pipeline included on the permit to another operator shall file a notification of transfer with the Commission within 30 days following the transfer. An operator may file a fully executed Form T-4B as a notification of transfer". In a nutshell, PALO PINTO is required to file a T-4B permit with the Railroad Commission (see copy attached).

Our records did not indicate a T-4B permit was submitted. Please verify and send us a copy if available. Thank you.

Regards,
Nicholas Owojori

From: Toben Scott <Toben@saguaropetroleum.com>
Sent: Thursday, March 3, 2022 8:53 AM
To: Nicholas Owojori <nicholas.owojori@rrc.texas.gov>
Cc: Safety <Safety@rrc.texas.gov>; Misty Scott <Misty@saguaropetroleum.com>; andrewbday@frogsfuel.brcoxmail.com; will@powersenergyconsulting.com; Garry Starr <starrjr.garry@yahoo.com>; Vicki Palmour <vicpalmour@vickipalmourconsulting.com>; kody@theheartlandgroup.net; Raymond Hafner <rhafner@rreeselaw.com>
Subject: RE: Palo Pinto Bond Company: Pipeline Safety Evaluation--Inspection Package Number: INSPPKG-0000070971 Unit of Company ID 9339

CAUTION: This email originated from outside of the Railroad Commission of Texas. Do NOT click links or open attachments from unknown sources without first confirming the message is legitimate. If you believe this to be a malicious and/or phishing email, please contact the ITS Help Desk at 512-463-7229. Do not respond to or forward the email, click on any links or open any attachments without guidance from the Help Desk

Mr. Owojori,

Please see attached:

-Fully executed Letter Agreement ("...being executed in conjunction with that certain Assignment and Bill of Sale...") between the original shareholders in Palo Pinto Bond Company (Venture Strong II, R&D Royalties, ELSR, 2010 Scott Family Trust, John R. Bertsch, EH-Sable,.....etc.) showing an effective date of July 1st 2020 and further stating the Buyer should return the corporate Records if the Assignment terminated or failed to be executed.

-Fully executed Palo Pinto Bond Company to Amen Oil Stock Purchase Agreement showing July 1st effective date

-Fully executed Assignment and Bill of Sale between the original shareholders of Palo Pinto Bond Company and Amen Oil, LLC with an effective date of June 1st. In particular, Paragraph (d) specifies that pipelines, gathering lines, and flow lines are all considered to be considered in the transferred assets

I trust that this information will fully satisfy the discrepancy and lack of full and legal transfer of the assets and liabilities in subject

Sincerely,

Toben Scott

From: Nicholas Owojori <nicholas.owojori@rrc.texas.gov>
Sent: Thursday, March 3, 2022 12:10 AM
To: Toben Scott <Toben@saguaropetroleum.com>
Cc: Safety <Safety@rrc.texas.gov>
Subject: RE: Palo Pinto Bond Company: Pipeline Safety Evaluation--Inspection Package Number: INSPPKG-0000070971 Unit of Company ID 9339

Mr. Scott,

Send us a copy of "notification of transfer" or any documentation to substantiate sale or transfer of the pipeline assets previously operated by Palo Pinto Bond Company. Thank you.

Regards,



Nicholas Owojori
Project Manager | Pipeline Safety
Oversight & Safety Division
Railroad Commission of Texas
346-221-6647
[Take our Customer Service Survey](#)



From: Toben Scott <Toben@saguaropetroleum.com>
Sent: Saturday, February 26, 2022 11:11 AM
To: Safety <Safety@rrc.texas.gov>
Cc: Misty Scott <Misty@saguaropetroleum.com>; Garry Starr <starrjr.garry@yahoo.com>; Vicki Palmour <vicpalmour@vickipalmourconsulting.com>; kody@theheartlandgroup.net; will@powersenergyconsulting.com; andrewbday@frogsfuel.brcoxmail.com; Raymond Hafner <rhafner@rreeselaw.com>
Subject: Palo Pinto Bond Company: Pipeline Safety Evaluation--Inspection Package Number: INSPPKG-0000070971 Unit of Company ID 9339

CAUTION: This email originated from outside of the Railroad Commission of Texas. Do NOT click links or open attachments from unknown sources without first confirming the message is legitimate. If you believe this to be a malicious and/or phishing email, please contact the ITS Help Desk at 512-463-7229. Do not respond to or forward the email, click on any links or open any attachments without guidance from the Help Desk

Ms. Weidman:

My name is Toben Scott and I am a representative and former co-shareholder of the subject Palo Pinto Bond

Case 4:21-cv-01310-O-BP Document 288 Filed 12/01/22 Page 57 of 75 PageID 6959

Company. I am writing today in response to your letter dated February 17, 2022 addressed to former co-shareholder Andrew Day-Manager stating that there was a former letter dated January 3rd, 2022 requesting a plan of correction for alleged violations with a deadline of February 22nd and stating a new deadline of March 18th. The former owners of Palo Pinto Bond Company, including myself and Andrew Day, sold the stock in PPBC and executed a Stock Purchase Agreement with Garry Starr of Amen Oil in Graham, TX with an effective date of 7/1/2020 along with an assignment of all of the respective oil and gas assets in Palo Pinto County. These assets would have included the pipelines referred to in your letter. It is my understanding that Garry Starr/Amen Oil then subsequently entered into a separate agreement with The Heartland Group from Ft. Worth, TX, under operating entities Dodson Prairie and Panther Creek, to take over the same subject assets. It is my further understanding that the Heartland Group is under federal investigation and a receiver has been assigned by the court to oversee the assets in the interim. I personally e-mailed the prior January 3rd letter from your office to Garry Starr-Amen Oil, Vicki Palmour-Contract Regulatory Consultant on behalf of Amen Oil and the court appointed Receiver, and to The Heartland Group and never received back and answer from either entity. My argument today is that Palo Pinto Bond Company should have no legal or regulatory responsibility to any former pipeline assets that were owned by our group via the executed PSA and asset assignment. I believe the reason that Andrew Day-Manager is still the subject recipient and it is Saguaro Petroleum's address (my operating company) shown is because Garry Starr-Amen Oil never filed the P-5 Change of Operator forms with RRC to change the entity information. Representing all of the former shareholders in PPBC, I will be initiating legal actions against Amen Oil this coming week due to this immediate matter and also for the fact that Amen Oil also never replaced the RRC bond under the original shareholders' names and is keeping us from being refunded our \$50,000 bond. Regardless of subsequent dealings between Amen Oil and The Heartland Group, our immediate legal claims can only be with Garry Starr at Amen Oil.

Please let me know what other information that I might be able to provide to prove the facts as I have demonstrated above. I am away from my office and server today but will again have access on Monday.

Sincerely,

Toben Scott

PIPELINE TRANSFER CERTIFICATION

FORM T-4B
4/2018

Railroad Commission of Texas
Oversight and Safety Division-Pipeline Safety
Permitting and Mapping Section



ACQUIRING OPERATOR: _____ P-5# _____

Address: _____

City State Zip: _____

Acquiring operator agrees this is a total transfer of the Permit # listed below Yes No

If No, are the lines being added to an existing permit currently held by the acquiring operator?

Yes: into permit # _____ No, the acquiring operator is applying for a new permit for these lines.

OPERATOR CERTIFICATION: By signing this certificate, I acknowledge the above named acquiring operator is now responsible for the regulatory compliance of the listed pipeline(s).

Name (print) Signature Date (mo/day/2 digit year)

Title Phone Email

[click here to link to instructions for this form](#)

Effective Date of Transfer _____

DIVESTING OPERATOR: _____ P-5# _____

Address: _____

City State Zip: _____

Is this a total transfer of all the pipelines shown on the Permit # below Yes No

If No, list the names or other identification of the lines being transferred and the total mileage being transferred. Attach a page if more space is needed:

OPERATOR CERTIFICATION: As the divesting operator, I certify that operating responsibility for the above listed pipeline(s) currently operating under Permit # _____ are transferred to the above named acquiring operator.

Name (print) Signature Date (mo/day/2 digit year)

Title Phone Email

EXHIBIT J

**EXECUTIVE CLOSING
DATED SEPTEMBER 2, 2022**



Railroad Commission of Texas
Oversight and Safety Division
Pipeline Safety Department

Executive Closing

INSPECTION PACKAGE NUMBER: INSPPKG-0000079802

Operator: (0702) DODSON PRAIRIE OIL & GAS LLC

Unit: (32310) DODSON PRAIRIE O&G LLC/REG 6 GAS

Systems: For a complete listing of systems evaluated, refer to the Inspection Package. Systems found not to be in violation are excluded from the Executive Closing document. **Alleged violations are listed per system below.**

Date of Executive Closing: 09/02/2022

Operator Personnel Attending/Participating in the Executive Closing

Scott Robinowitz - Oil & Gas Contractor

Vicki Palmour - Regulatory Consultant

Commission Personnel Attending/Participating in the Executive Closing

Sean Dyer - Inspector

The following alleged violation(s) were identified during the Pipeline Safety Evaluation / Inspection / Investigation and will be detailed within the official correspondence with the Company Executive, to follow. These observations are preliminary and are subject to further evaluation and modification.

System: SYSTEM OF COMPANY ID 0702

1. Regulation: Title 16, 8.1 (b)(4)

All operators of pipelines and/or pipeline facilities regulated by this chapter, other than master metered systems and distribution systems, shall comply with §3.70 of this title (relating to Pipeline Permits Required).

Violation Note: Title 16, 8.1 (b)(4)

The operator did not have a current T-4 permit associated with the gas gathering system it acquired from Palo Pinto Bond Company, LLC. T-4 Permit #03712 is still listed under Palo Pinto Bond Company, LLC and has not been transferred over. Repeat violation from INSPPKG-0000076951.

2. Regulation: 49 CFR 192.614(a)

The operator had a buried pipeline and did not carry out, in accordance with 49 CFR Part 192.614, a written program to prevent damage to that pipeline from excavation activities, including excavation, blasting, boring, tunneling, backfilling, removal of aboveground structures by either explosive or mechanical means, and other earth moving operations.

Violation Note: 49 CFR 192.614(a)

The operator did not establish a written Damage Prevention Program. Repeat violation from INSPPKG-0000076951.

3. Regulation: 49 CFR 192.616 (a)

The operator did not develop and implement a written continuing public education and awareness program following the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162.

Violation Note: 49 CFR 192.616 (a)

The operator did not establish a written Public Awareness Program. Repeat violation from INSPPKG-0000076951.

4. Regulation: 49 CFR 199.101 (a)

The operator did not have a written anti-drug plan that conforms to Part 199 and/or DOT Procedures.

Violation Note: 49 CFR 199.101 (a)

The operator did not have a written Anti-Drug Plan. Repeat violation from INSPPKG-0000076951.

5. Regulation: 49 CFR 199.202

The operator did not have a written alcohol misuse plan that conforms to Part 199 and/or DOT Procedures.

Violation Note: 49 CFR 199.202

The operator did not have a written Alcohol Misuse Plan. Repeat violation from INSPPKG-0000076951.

6. Regulation: Title 16, 8.205

There were no written procedures for reporting natural gas leak complaints.

Violation Note: Title 16, 8.205

The operator did not have written procedures for handling natural gas leak complaints on its pipelines. Repeat violation from INSPPKG-0000076951.

7. Regulation: 49 CFR 192.619(a)

A maximum allowable operating pressure was not established for the system.

Violation Note: 49 CFR 192.619(a)

The operator did not establish the maximum allowable operating pressure of the C. B. "A" Long 1, 4" gas gathering system nor did the operator have records demonstrating what the MAOP of the pipeline system was since acquiring the gas gathering system from Palo Pinto Bond Company, LLC in May 2021. Repeat violation from INSPPKG-0000076951.

8. Regulation: 49 CFR 192.709(c)

A record of each patrol, survey, inspection or test required by Subparts L and M were not being maintained.

Violation Note: 49 CFR 192.709(c)

The operator did not have records demonstrating compliance with Subparts L & M. Repeat violation from INSPPKG-0000076951.

9. Regulation: 49 CFR 192.609(a)

Population density increases indicate a change in the class location(s) for steel pipeline segments that operated at a hoop stress or more than 40 percent of SMYS, and a study had not been made to determine the segments' present class location.

Violation Note: 49 CFR 192.609(a)

The operator had not performed a class location study to confirm the class location of the pipeline segment running by the ALR Center (recreation center) operated by the Sundance Club at the 7R Ranch in Gordon, TX. Repeat violation from INSPPKG-0000076951.

10. Regulation: 49 CFR 192.491(b)

Records or maps required by 49 CFR 192.491(a) were not maintained for the listed pipeline.

Violation Note: 49 CFR 192.491(b)

The operator did not have records demonstrating compliance with Subpart I. Repeat violation from INSPPKG-0000076951.

11. Regulation: 49 CFR 192.707(c)

September 2, 2022

Page 4

Line markers were not placed or maintained along the following publicly accessible, aboveground main or transmission line section:

Violation Note: 49 CFR 192.707(c)

The operator did not maintain pipeline markers along the right-of-way of the pipeline running by the ALR Center (recreation center) operated by the Sundance Club at the 7R Ranch in Gordon, TX. Repeat violation from INSPPKG-0000076951.

12. Regulation: Title 16, 8.51(a)

The gas or liquids company did not have on file with the Commission an approved organization report Form P-5.

Violation Note: Title 16, 8.51(a)

The operator did not have an approved P-5 Organization Report on file with the Commission. P-5 # 221932 currently shows as delinquent.

EXHIBIT K

RRC DEMAND

WAYNE CHRISTIAN, CHAIRMAN
CHRISTI CRADDICK, COMMISSIONER
JIM WRIGHT, COMMISSIONER



STEPHANIE WEIDMAN
PIPELINE SAFETY DIRECTOR

RAILROAD COMMISSION OF TEXAS

OVERSIGHT AND SAFETY

DIVISION PIPELINE SAFETY

September 21, 2022

455-21

DEBORAH D WILLIAMSON,
DODSON PRAIRIE OIL & GAS LLC
DYKEMA GOSSETT PLLC
SAN ANTONIO, TX 78205

Re: Pipeline Safety Evaluation

Inspection Package Number: INSPPKG-0000079802

DODSON PRAIRIE O&G LLC/REG 6 GAS

(All correspondence must include the Inspection Package Number)

Dear DEBORAH D WILLIAMSON:

An incident, complaint, or other condition required our staff to conduct an inspection of pipeline facilities operated by your company. The facilities and the subject of the inspection are identified in the attached Safety Evaluation Summary. Inspections are conducted in accordance with the pipeline safety requirements of Tex. Util. Code §121.201 for natural gas and other gas pipeline facilities and Tex. Nat. Res. Code §§117.001 and 117.011 for hazardous liquid pipeline facilities.

During the inspection, selected physical conditions, written procedures, and records were reviewed. At the time of this inspection, alleged violations of the minimum safety regulations were found and are detailed in this correspondence. Action should begin immediately to correct the listed violation(s) and submit to this office a schedule and correction plan.

The correction plan should be an item-by-item explanation of exactly how and by what exact date each individual violation will be corrected. The date specified in the Safety Evaluation Summary is the date we should receive your plan, not the date you are to have the alleged violation(s) corrected. Our staff will review the plan for compliance with the safety requirements. Please provide documentation verifying corrective action taken once corrective action is complete. You may send your plan of correction and documentation by email to safety@rrc.texas.gov, or by mail.

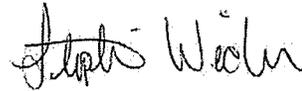
Staff has determined that administrative penalties are warranted for the alleged violation(s) noted during the inspection for violation(s) of Pipeline Safety Rules. This inspection package has

been referred to the Office of General Counsel's Legal Enforcement Section (Legal Enforcement). Legal Enforcement staff will contact you regarding the administrative penalties assessed as a result of the violation(s) noted during the evaluation. Under the provisions of Tex. Util. Code §121.206 for natural gas and other gas pipeline facilities and Tex. Nat. Res. Code §81.0531 for hazardous liquid pipeline facilities, operators are subject to administrative penalties up to \$200,000 for each violation each day a violation persists to a maximum of \$2,000,000 for any related series of violations.

The inspection results reflect the general status and condition of the entire system. It is your responsibility to take action, not only to correct the specific deficiencies listed in the attachment, but also to recognize and correct any other conditions that do not meet the minimum safety standards.

If you have any questions, please do not hesitate to contact the Oversight and Safety Division by email at safety@rrc.texas.gov or by phone at 512-463-7058.

Sincerely,



Stephanie Weidman
Pipeline Safety Director

Enclosure: Safety Evaluation Summary
Alleged Violation List

09/21/2022 12:51 PM

**Railroad Commission of Texas
Pipeline Safety
Alleged Violation List**

Page 4 of 8

All correspondence must include the Inspection Package and Evaluation Number

Inspection Package: INSPPKG-0000079802 Activity/Classification: Follow Up / Comprehensive

System Name: C. B. "A" LONG 1, 4"

Evaluation Number: INSP-0000116966

Item Number: 1.0

Action Needed: This is a repeat violation from Evaluation Number # INSP-0000112599 and must be corrected by 10/5/2022. When submitting your plan of correction for this violation, please note the date the violation was corrected. This violation has been referred to legal enforcement for administrative penalty.

Description: A maximum allowable operating pressure was not established for the system.

Requirement: 49 CFR 192.619(a)

Notes:

Description:

Location: 112 E Pecan St, Suite 1800
San Antonio, TX 78205

Comment: The operator did not establish the maximum allowable operating pressure of the C. B. "A" Long 1, 4" gas gathering system nor did the operator have records demonstrating what the MAOP of the pipeline system was since acquiring the gas gathering system from Palo Pinto Bond Company, LLC in May 2021. Repeat violation from INSPPKG-0000076951.

Item Number: 2.0

Action Needed: This is a repeat violation from Evaluation Number # INSP-0000112599 and must be corrected by 10/5/2022. When submitting your plan of correction for this violation, please note the date the violation was corrected. This violation has been referred to legal enforcement for administrative penalty.

Description: A record of each patrol, survey, inspection or test required by Subparts L and M were not being maintained.

Requirement: 49 CFR 192.709(c)

Notes:

Description:

Location: 112 E Pecan St, Suite 1800
San Antonio, TX 78205

Comment: The operator did not have records demonstrating compliance with Subparts L & M. Repeat violation from INSPPKG-0000076951.

Item Number: 3.0

Action Needed: This is a repeat violation from Evaluation Number # INSP-0000112599 and must be corrected

09/21/2022 12:51 PM

**Railroad Commission of Texas
Pipeline Safety
Alleged Violation List**

Page 5 of 8

All correspondence must include the Inspection Package and Evaluation Number

by 10/5/2022. When submitting your plan of correction for this violation, please note the date the violation was corrected. This violation has been referred to legal enforcement for administrative penalty.

Description: Population density increases indicate a change in the class location(s) for steel pipeline segments that operated at a hoop stress or more than 40 percent of SMYS, and a study had not been made to determine the segments' present class location.

Requirement: 49 CFR 192.609(a)

Notes:

Description:

Location: 112 E Pecan St, Suite 1800
San Antonio, TX 78205

Comment: The operator had not performed a class location study to confirm the class location of the pipeline segment running by the ALR Center (recreation center) operated by the Sundance Club at the 7R Ranch in Gordon, TX. Repeat violation from INSPPKG-0000076951.

Item Number: 4.0

Action Needed: This is a repeat violation from Evaluation Number # INSP-0000112599 and must be corrected by 10/5/2022. When submitting your plan of correction for this violation, please note the date the violation was corrected. This violation has been referred to legal enforcement for administrative penalty.

Description: Records or maps required by 49 CFR 192.491(a) were not maintained for the listed pipeline.

Requirement: 49 CFR 192.491(b)

Notes:

Description:

Location: 112 E Pecan St, Suite 1800
San Antonio, TX 78205

Comment: The operator did not have records demonstrating compliance with Subpart I. Repeat violation from INSPPKG-0000076951.

Item Number: 5.0

Action Needed: This is a repeat violation from Evaluation Number # INSP-0000112599 and must be corrected by 10/5/2022. When submitting your plan of correction for this violation, please note the date the violation was corrected. This violation has been referred to legal enforcement for administrative penalty.

Description: Line markers were not placed or maintained along the following publicly accessible, aboveground main or transmission line section:

Requirement: 49 CFR 192.707(c)

09/21/2022 12:51 PM

**Railroad Commission of Texas
Pipeline Safety
Alleged Violation List**

Page 6 of 8

All correspondence must include the Inspection Package and Evaluation Number

Notes:

Description:

Location: 341 Post Oak Rd
Gordon, TX 76453

Comment: The operator did not maintain pipeline markers along the right-of-way of the pipeline running by the ALR Center (recreation center) operated by the Sundance Club at the 7R Ranch in Gordon, TX. Repeat violation from INSPPKG-0000076951.

System Name: SYSTEM OF COMPANY ID 0702

Evaluation Number: INSP-0000116975

Item Number: 1.0

Action Needed: This is a repeat violation from Evaluation Number # INSP-0000112599 and must be corrected by 10/5/2022. When submitting your plan of correction for this violation, please note the date the violation was corrected. This violation has been referred to legal enforcement for administrative penalty.

Description: All operators of pipelines and/or pipeline facilities regulated by this chapter, other than master metered systems and distribution systems, shall comply with §3.70 of this title (relating to Pipeline Permits Required).

Requirement: Title 16, 8.1 (b)(4)

Notes:

Description:

Location: 112 E Pecan St, Suite 1800
San Antonio, TX 78205

Comment: The operator did not have a current T-4 permit associated with the gas gathering system it acquired from Palo Pinto Bond Company, LLC. T-4 Permit #03712 is still listed under Palo Pinto Bond Company, LLC and has not been transferred over. Repeat violation from INSPPKG-0000076951.

Item Number: 2.0

Action Needed: This is a repeat violation from Evaluation Number # INSP-0000112599 and must be corrected by 10/5/2022. When submitting your plan of correction for this violation, please note the date the violation was corrected. This violation has been referred to legal enforcement for administrative penalty.

Description: The operator had a buried pipeline and did not carry out, in accordance with 49 CFR Part 192.614, a written program to prevent damage to that pipeline from excavation activities, including excavation, blasting, boring, tunneling, backfilling, removal of aboveground structures by either explosive or mechanical means, and other earth moving operations.

09/21/2022 12:51 PM

Railroad Commission of Texas
Pipeline Safety
Alleged Violation List

Page 7 of 8

All correspondence must include the Inspection Package and Evaluation Number

Requirement: 49 CFR 192.614(a)

Notes:

Description:

Location: 112 E Pecan St, Suite 1800
San Antonio, TX 78205

Comment: The operator did not establish a written Damage Prevention Program. Repeat violation from INSPPKG-0000076951.

Item Number: 3.0

Action Needed: This is a repeat violation from Evaluation Number # INSP-0000112599 and must be corrected by 10/5/2022. When submitting your plan of correction for this violation, please note the date the violation was corrected. This violation has been referred to legal enforcement for administrative penalty.

Description: The operator did not develop and implement a written continuing public education and awareness program following the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162.

Requirement: 49 CFR 192.616 (a)

Notes:

Description:

Location: 112 E Pecan St, Suite 1800
San Antonio, TX 78205

Comment: The operator did not establish a written Public Awareness Program. Repeat violation from INSPPKG-0000076951.

Item Number: 4.0

Action Needed: This is a repeat violation from Evaluation Number # INSP-0000112599 and must be corrected by 10/5/2022. When submitting your plan of correction for this violation, please note the date the violation was corrected. This violation has been referred to legal enforcement for administrative penalty.

Description: The operator did not have a written anti-drug plan that conforms to Part 199 and/or DOT Procedures.

Requirement: 49 CFR 199.101 (a)

Notes:

Description:

Location: 112 E Pecan St, Suite 1800
San Antonio, TX 78205

09/21/2022 12:51 PM

Railroad Commission of Texas
Pipeline Safety
Alleged Violation List

Page 8 of 8

All correspondence must include the Inspection Package and Evaluation Number

Comment: The operator did not have a written Anti-Drug Plan. Repeat violation from INSPPKG-0000076951.

Item Number: 5.0

Action Needed: This is a repeat violation from Evaluation Number # INSP-0000112599 and must be corrected by 10/5/2022. When submitting your plan of correction for this violation, please note the date the violation was corrected. This violation has been referred to legal enforcement for administrative penalty.

Description: The operator did not have a written alcohol misuse plan that conforms to Part 199 and/or DOT Procedures.

Requirement: 49 CFR 199.202

Notes:

Description:

Location: 112 E Pecan St, Suite 1800
San Antonio, TX 78205

Comment: The operator did not have a written Alcohol Misuse Plan. Repeat violation from INSPPKG-0000076951.

Item Number: 6.0

Action Needed: This is a repeat violation from Evaluation Number # INSP-0000112599 and must be corrected by 10/5/2022. When submitting your plan of correction for this violation, please note the date the violation was corrected. This violation has been referred to legal enforcement for administrative penalty.

Description: There were no written procedures for reporting natural gas leak complaints.

Requirement: Title 16, 8.205

Notes:

Description:

Location: 112 E Pecan St, Suite 1800
San Antonio, TX 78205

Comment: The operator did not have written procedures for handling natural gas leak complaints on its pipelines. Repeat violation from INSPPKG-0000076951.

EXHIBIT L

PROPOSED ORDER

ORDER GRANTING RECEIVER’S MOTION TO CONFIRM RECEIVER HAS NO RIGHT, OBLIGATION, OR INTEREST TO OPERATE THE PALO PINTO PIPELINE

Came on to be heard the *Receiver’s Motion to Confirm Receiver Has No Right, Obligation, or Interest to Operate the Palo Pinto Pipeline, or, in the Alternative, to Abandon Any Interest in the Palo Pinto Pipeline* (the “Motion”).¹ After considering the Receiver’s Motion, all responses thereto, if any, all evidence submitted to the Court and the arguments of counsel, the Court is of the opinion that said motion should be **GRANTED** in all respects.

The Court finds that:

1. No Receivership Party has a T-4 permit.
2. The Receiver and Receivership Estates have no right or interest to operate the Palo Pinto Pipeline (also known as C.B. “A” Long, 1, 4”, System Id. No. 967677).

IT IS ORDERED that the Receiver has no obligation to comply with any demand to operate or otherwise act as operator of the Palo Pinto Pipeline.

IT IS ORDERED, in the alternative, that the Receiver is authorized to immediately abandon any and all interests of any Receivership Party in the Palo Pinto Pipeline or the right to operate the Palo Pinto Pipeline.

Signed this ___day of _____, 202_.

HAL R. RAY, JR.
UNITED STATES MAGISTRATE JUDGE

¹ Capitalized terms used but not otherwise described herein shall have the meaning ascribed in the Motion.

Prepared and submitted by:

Danielle N. Rushing
State Bar No. 24086961
drushing@dykema.com
DYKEMA GOSSETT PLLC
112 East Pecan Street, Suite 1800
San Antonio, Texas 78205
Telephone: (210) 554-5500
Facsimile: (210) 226-8395

and

Rose L. Romero
State Bar No. 17224700
Rose.Romero@RomeroKozub.com
LAW OFFICES OF ROMERO | KOZUB
235 N.E. Loop 820, Suite 310
Hurst, Texas 76053
Telephone: (682) 267-1351

COUNSEL TO RECEIVER